



Revolution in Business A

DCMC Group Leaders Conference

22-26 February 1999

Supplier Operations

Workshop 1 - Where We're Going

***Supplier
Operations***

Supplier Operations Briefers

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Supplier
Operations
DCMC -OC

POLICY

- SFA Program
- Home Page
- IPPD Challenge
- IOAs Feedback/Corrective Action
- Performance Management Issues
- Metrics
- DCMC One Book

PREAWARD

- Early CAS
- Supplier Information System
- Contingency CAS (CCAS)
- Preaward Survey

Policy Development &
Deployment Group

Supplier Risk Management
Group

Preaward Information
Group

E V M S Center

S P I Center

RISK MANAGEMENT

- Integrated Digital Environment (IDE)
- Enterprise Resource Planning (ERP)
- AP2I Environmental Issues
- PROCAS
- Integrated Product Teams
- Management Councils
- PBAM
- Integrated Surveillance
- Contract Receipt, Review and Postaward Planning
- Earned Value (EVMS) Policy
- International Agreements/MOU
- Host Nation
- CPSRs
- Consent to Subcontracts
- Mentor Protege
- Make or Buy
- Industrial Security
- Improper Business Practices
- Debarment
- MMAS

Overview

- **Policy Development and Deployment**
- **Supplier Risk Management**
 - **Contractor System Surveillance**
 - **Management Council**
- **Preadward Information**
- **Earned Value Management Systems**
- **Single Process Initiative**
- **Contingency Operations**

FY1998 GAO Report

Acquisition Management: Workforce Reductions and Contractor Oversight

- **End-strength reduced 27% (FY93-97)**
 - **DoD's overall workforce decreased 17.5%**
 - **Quality Assurance Specialists reduced 54% (FY90-96)**
- **CAOs reduced by 34%**
- **Shifted focus to Risk Management:**
 - **Contractor Self-Oversight**
 - **Performance-Based Assessment Model**
 - **Single Process Initiative**
 - **Early Contract Administration Services**

FY 99 Performance Plan

- **Goal 1 - Deliver great customer service**
 - **Obj 1.1 - Provide right item at right time for right price.**
 - **Performance Goal 1.1.5 - EVMS**
 - **Obj 1.2 - Team with our business partners to achieve customer results.**
 - **Performance Goal 1.2.3 - Early CAS**
 - **Performance Goal 1.2.7 - Preaward Survey (PAS)**

FY 99 Performance Plan

- **Goal 2 - Lead way to efficient & effective buss. processes.**
 - **Obj 2.1 - Serve as catalyst for revolution in buss. affairs.**
 - **Investment Goal 2.1.18 - Return on Investment.**
 - **Obj 2.2 - Apply commercial processes and practices.**
 - **Investment Goal 2.2.9 - Acquisition Pollution Prevention Initiative**

Policy Development & Deployment

- DCMC Challenge: Integrated Policy and Process Deployment
 - One Book (Chapter 6.2.6)
- Performance Management
 - Managing with Metrics
- Communicating To/From...
 - The Web

Integrated Policy & Process Deployment

- Whatever it takes to “enable” that process so that it can be done right, right out of the box, right now, by anyone
- *Today:*
 - Basically “knowledge deployment”
- *Tomorrow:*
 - Process owner/champion also a resource manager; central figure in performance budget development
 - Performance/Process improvement and planning and budgeting integrated

Performance Management

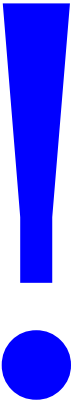
- **What counts? Results or activity?**
- ***Today:***
 - **Quality/Effectiveness orientation**
 - **Bottom line - Negotiation by best guess**
- ***Tomorrow:***
 - **Effectiveness and Efficiency**
 - **Bottom line - Knowing the cost of incremental improvement; cost-benefit analysis with facts**

Communication

- *Today:*
 - Paper management “systems” - paper thinking
 - A coordination process cycle time that we would never want *60 Minutes* to find out about
- *Tomorrow:*
 - The whole thing is one big network
 - Dead Dogs:
 - Snail mail
 - Hardcopies
 - Filing cabinets
 - Anonymity

~~Anonymity~~

- *If it is Web based:*
 - **Everyone is an author**
 - **Everyone is an editor**
 - **Everyone is a “publisher”**
 - **The “world” is your audience**
 - **It’s your “document”**
- *Instantly:*
 - **You’re directly accountable**
 - **You’re famous**
 - **You’re accessible**



Risk Management

- DCMC Objectives -

- **Merges PBAM and surveillance planning activities**
- **Consistent Risk Management Methodology DCMC-wide**
- **ONE Standard automated Command-wide tool to assess cost, schedule, and technical risks for DoD acquisitions**
- **Enhance data analysis & decision making**
- **Improve customer support**

Risk Management

- **Risk Planning -- surveillance method selected; product, system audits, data analysis, etc.**
- **Risk Assessment -- Periodic assessments drive increase/decrease activity**
- **Risk Handling -- Process improvement efforts focused on high/moderate risk processes; those that will yield the highest return for Government**
- **Risk Monitoring -- ONE standard automated Command-wide tool to assess cost, schedule, and technical risks; proposed module in the Supplier Information Service (SIS)**

Supplier Information Service

- **New Name for an Acquisition Support Tool**
 - **Essence of CAS reflected in today's technology.**
 - **Goal for Full Operability: October 1999**
- **Ongoing. . .**
 - **Support System Monitors, e.g., PASM**
 - **Support Software/Hardware Application Systems Development & Upgrades**
 - **Current Metric: Timeliness of Preaward Surveys**
 - **Support training of DCMC personnel**

Performance Goal 1.2.7 - Preaward Sur

- **Maintain formal Preaward Survey Timeliness at 95%**
 - **# surveys mailed on/before date required on SF 1403 by total quantity surveys * 100**
 - **FY 98 Goal was 85% Timeliness**
- **Why we are doing this:**
 - **To ensure we assist buying activities with responsible business decisions (need *quality* metric)**
- **What is the Command strategy:**
 - **Validate process driver--cycle time**

Risk-Based Preaward Surveys (PASs)

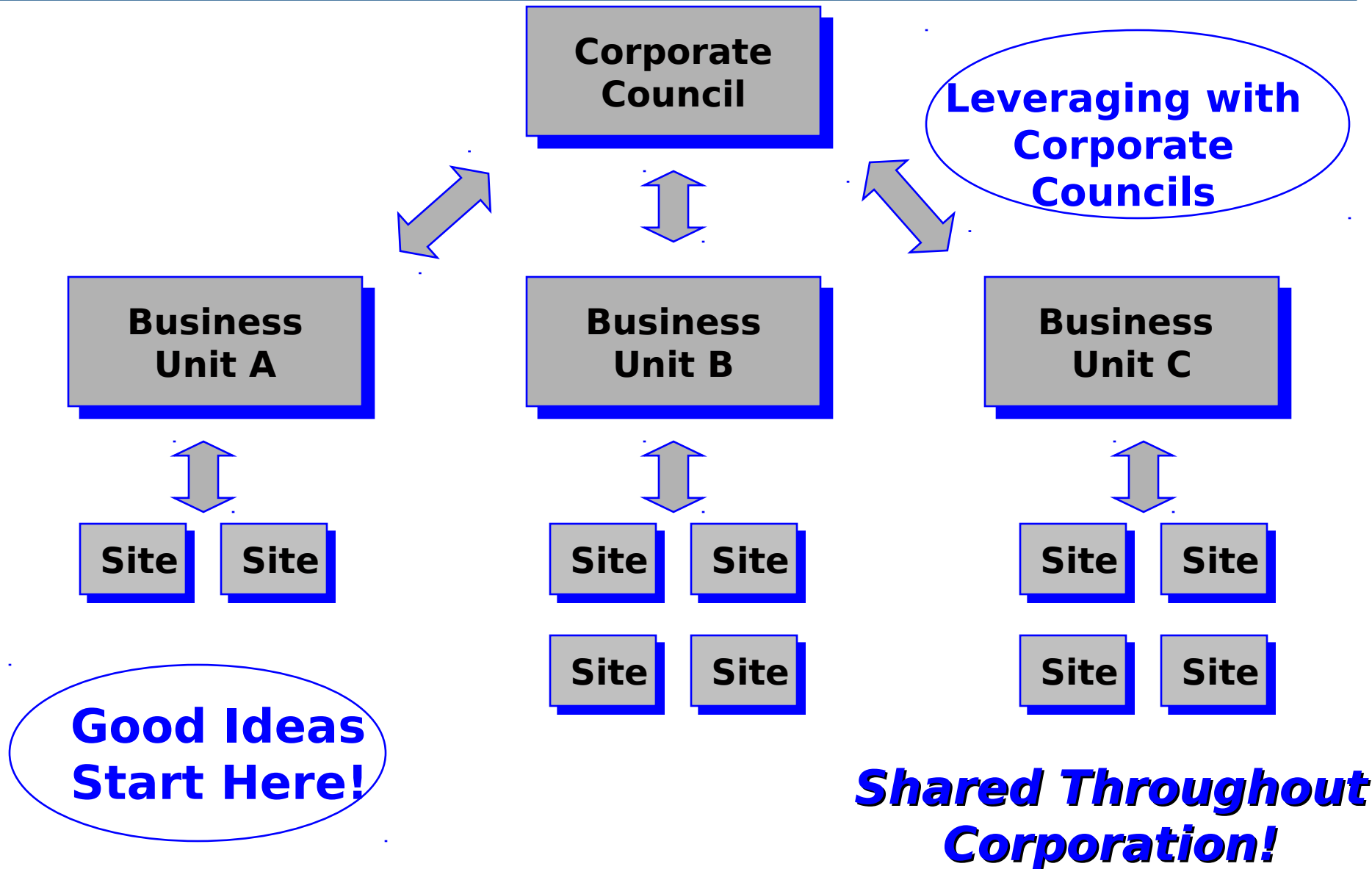
- **Reorientation of PAS toward Risk Assessments**
- **Visits to Major PAS Customers--viewed as “*Value Added*”**
- **5 Pilot Sites selected to develop & refine the “idea”**
- **Common risk definitions--low, moderate, high**
 - **Customers Concurred!**
- **Key Success Factors: Consistent Risk-Based Narratives**
- **Risk Based PAS Concept is consistent with:**
 - **DoD/DCMC Risk Management approach**
 - **RBA Supplier Excellence Group Strategy**
- **Long-term Strategy--Integrate with overall Supplier Risk Management Program...Policy will reflect!**

Management Council

Need for Higher-level Councils

- **Defense Industry Undergoing Change**
- **Merger, Acquisition & Consolidation = Large Corporations**
- **Need to Leverage Results Across Enterprise**
- **Corporate & Segment-level Councils Offer One Method**
- **Policy Change Notice 98-231 Revised DLAD 5000.4**
 - **Permits for Councils at more than Local Site**
 - **Allows for Block Changes at Segment or Corporation**

Management Council



Risk Assessment Based Contractor Purchasing System Reviews

Status as of November 30, 1998

**Barriers Removed-
FAR/One Book
Changed**

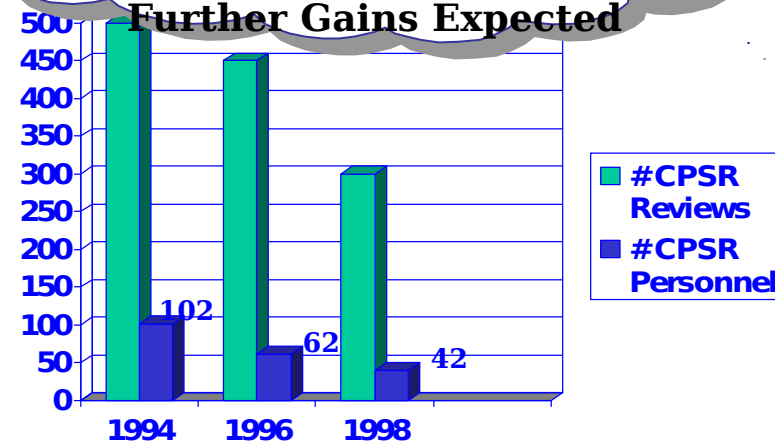
**Streamlined Processes
- CPSR Guidebook
Updated**

**Business Improvements-
Implement Risk
Assessment Mgmt
Councils Emphasized**

62% Personnel Reduction

**40% Reduction in Onsite
Reviews**

Further Gains Expected



Insight Vice Oversight

- Taking Maximum Advantage of FAR Changes
- ▣ All Reviews Tailored Based on Risk
- ▣ Maximum Use of Available Data
- ▣ Best Value Practices Encouraged

Enterprise Resources Planning (ERP)

What We're Doing

- **Joint DCMC/DCAA/Industry study group established**
- **Purpose: Determine what DCMC and DCAA need to know and do when contractor's implement ERP**
- **How We're Accomplishing This:**
 - **Selected site visits**
 - **Other data gathering**
- **End Product: March 31, '99 report on findings and recommendations**

Performance Goal 1.1.5 - EVMS

- **Reduce % of contracts exceeding cost or schedule goals by >10% over FY 98 baseline.**
- **Include involvement of Management Councils, EVMS Monitors, Program Integrators and Program Support Team Members.**
- **Target is to prototype efforts at 5 CAOs in FY99, CAOs to be determined by Districts.**
- **Evaluate contractor EVMS processes for optimization of integrated cost, schedule and technical management.**

Earned Value Mgmt System

DCMC is executive agent

- **Consistent DoD policy implementation**
 - **Facilitate DoD/Industry issue resolution**
 - **System Acceptance and Withdrawal Authority**
 - **DCMC promotes and influences**
 - **Contractors EVMS Ownership**
 - **Utilization of EVMS data (CAO, PM, Contractor)**
 - **HQ Chairs Perf Mgmt Advisory Council (PMAC)**
 - **Senior level services & agencies group**



**OSD
expects
a lot
from
DCMC**

Earned Value Mgmt System

What We're Doing

- Established EVMS Center Jan 1
 - Visited CAOs
 - New system acceptances
 - Special EV analysis for OSD/
- Mentoring to CAOs
 - EVMS Center (EVMS Training)
 - Engineering SFAs
 - Software Center
- Tasking Memorandum No. 98-261
 - EVMS activity assessment
 - Address customer concerns and expectations

1997

EV Fast Start Ki

EV Mini Confs

Web Site

Earned Value Mgmt System

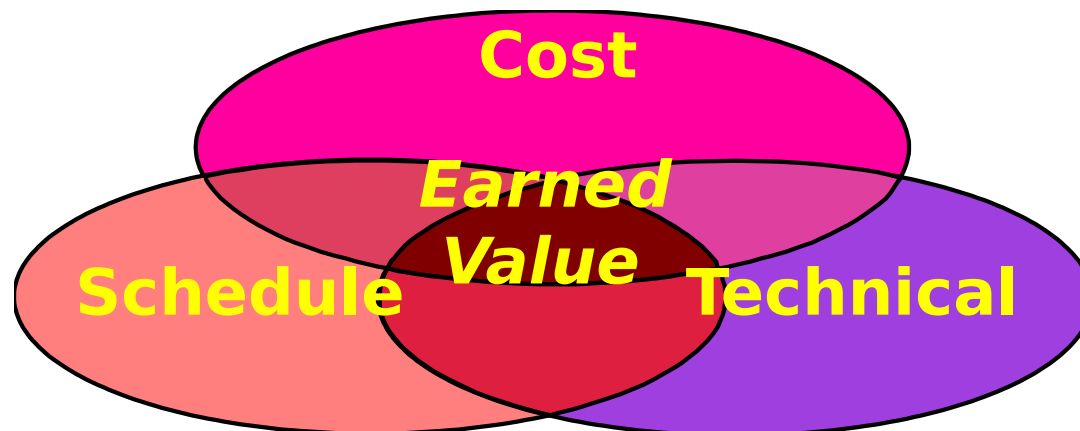
What We're Doing

- **Conducted Assessment Review**
 - **Surveyed 54 CAOs to assess EV status**
 - **Developed EV Capability Maturity Model**
 - **Making changes to policy and guidance**
- **DCMC Training Competencies Defined**
 - **Drafted Training Guide**
 - **Identified essential skills by functional area**
 - **Developing web based CBT module**
- **Issued 99-73 Tasking Memo, EVMS AMS Reporting**
 - **Explains reporting requirements**

Earned Value Mgmt System

What We're Doing

- Challenged industry at integrated program mgmt conf to take ownership of EVMS
- Working with industry to make EVMS techniques a competitive advantage to be used on all projects
- Lead new system acceptance activity



Performance Goal 1.2.3 - Early CAS

- **Achieve satisfaction rating of ≥ 5 for 90%**
 - **Measured during monthly customer satisfaction surveys conducted by Districts pursuant to Goal 1.2.1.**
 - **Four of 30 customer surveys by District will include customers who received Early CAS support over previous two months.**
 - **Results will be entered in Automated Metrics System.**

Early CAS Involvement

What Are We Doing Now?

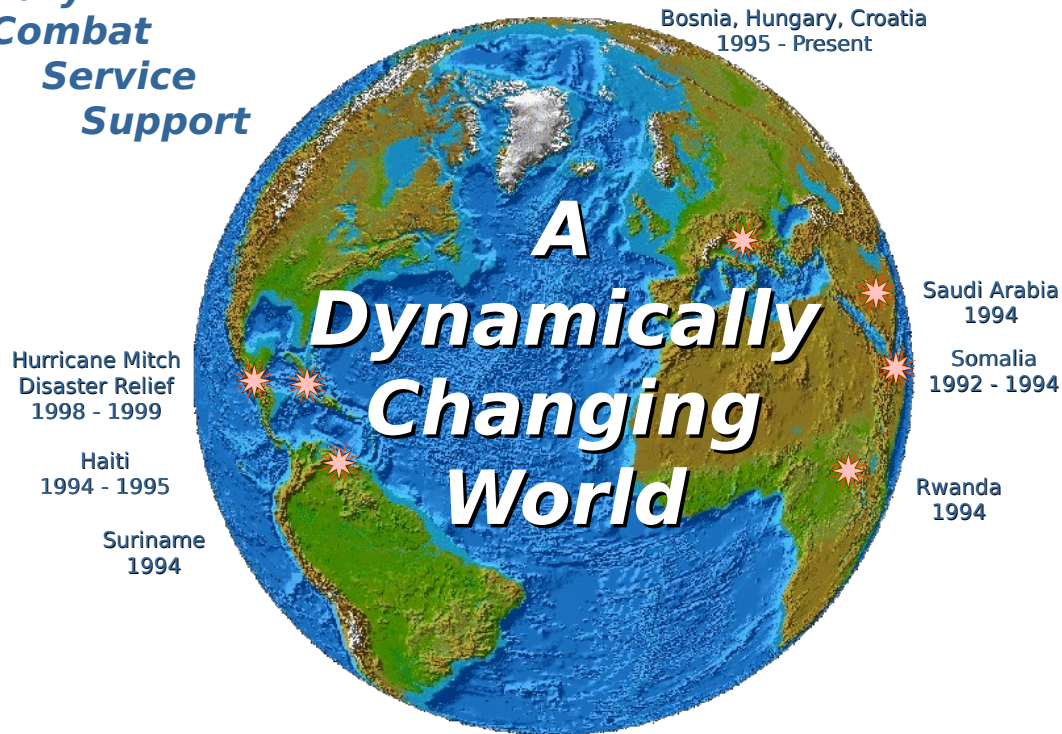
- **Targeting Customers/Marketing DCMC Services**
 - **Challenge: How do we identify viable opportunities?**
 - **Metric 1.2.3: Measuring customer satisfaction with early involvement, to validate that we do satisfy customer needs/expectations.**

What Should We Be Doing with respect to FY 00?

- **More of the same.**
- **Challenge: Orienting our customers, DCMC workforce toward the shift in emphasis from post-award activity to Early CAS Involvement.**

Contingency CAS - Supporting The Warfighter

*Shrinking
Military
Combat
Service
Support*



*Contractors
on the
Battlefield*

CCAS Team

**Providing first class
contract administration
services
to the warfighter**

Contingency CAS - Supporting The Warfighter

DCMC Challenges

- Continue to provide professionals to support the warfighter
- Continue to respond to across the spectrum of crisis
- Continue to provide responsive on-site first class contract administration services to the warfighter